

**The financial report  
of the fiscal year ended  
31<sup>st</sup>, March 2021(FY2021)**

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Value beyond Logistics  
**Mitsui-Soko group**

**May, 17<sup>th</sup> 2021**



- Explanatory materials

- ▶ The financial report of the FY2021

- The forecast of the FY2022

- The progress of the Medium-term management plan 2017



# (1) Overview

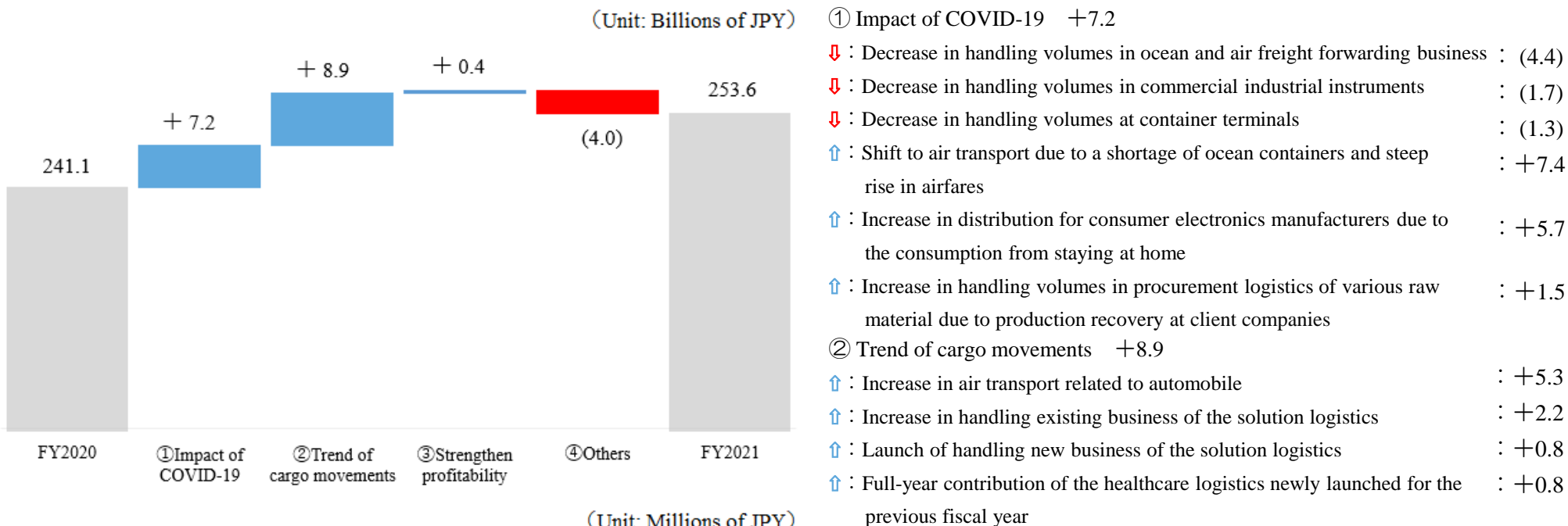
(Unit: Millions of JPY)

	Consolidated total amount	FY2020 (Apr.1, 2019~ Mar.31, 2020)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	Changes	Changes(%)
	Sales	241,080	<b>253,559</b>	+ 12,479	+ 5.2%
P	Operating Profit	11,808	<b>17,661</b>	+ 5,852	+ 49.6%
L	Ordinary Profit	10,531	<b>17,240</b>	+ 6,709	+ 63.7%
	Profit attributed to owners of parent	6,395	<b>11,549</b>	+ 5,153	+ 80.6%
	Cash flows from operating activities	21,112	<b>21,257</b>	+ 144	+ 0.7%
C	Cash flows from investing activities	(5,487)	<b>803</b>	+ 6,291	—
F	Cash flows from financing activities	(16,746)	<b>(21,683)</b>	(4,937)	—
	Consolidated total amount	Balance as of Mar. 31, 2020	Balance as of Mar. 31, 2021	Changes	Changes(%)
	Shareholders' equity	49,705	<b>62,697</b>	+ 12,992	+ 26.1%
B	Total assets	239,309	<b>238,371</b>	(938)	(0.4% )
S	Shareholders' equity ratio	20.8%	<b>26.3%</b>	+ 5.5	—



## (2) Sales (Compared to FY2020)

- Overall net sales increased by 12.5 billion yen from the previous fiscal year to 253.6 billion yen. Despite an decrease in handling volumes in forwarding business due to a drop in export and import trade, various impacts of COVID-19 resulted in increases in distribution for consumer electronics manufacturers due to the consumption from staying at home, in handling volumes in air transport caused by reviewing supply chains and shifting to air transport due to a shortage of ocean containers and in steep rise in airfares in a tight supply-and-demand situation. Furthermore, sales from the Company's focus areas, namely, handling existing and new businesses of logistics related to the integrated solution service and full-year contribution due to the healthcare logistics newly launched, has been increased.



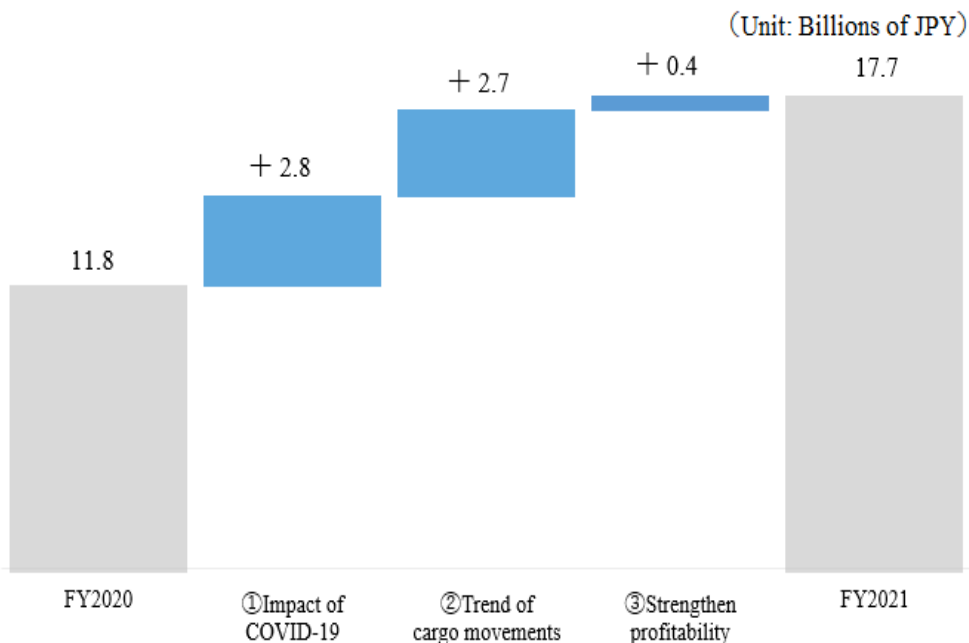
(Unit: Millions of JPY)

Segment	FY2020 (Apr.1, 2019~ Mar.31, 2020)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	Changes	Changes(%)
Logistics business	231,982	244,645	+ 12,662	+ 5.5%
Real estate business	9,833	9,621	(212)	(2.2%)
Eliminate/Corporate	(736)	(706)	+ 29	—
<b>Total of sales</b>	<b>241,080</b>	<b>253,559</b>	<b>+ 12,479</b>	<b>+ 5.2%</b>



# (3) Operating profit (Compared to FY2020)

- Overall operating profit increased by 5.9 billion yen from the previous fiscal year due to a decrease in various SG&A expenses in addition to the increase factor of sales.



- ① Impact of COVID-19 +2.8
  - ↓ : Decrease in handling volumes in ocean and air freight forwarding business : (0.4)
  - ↓ : Decrease in handling volumes in commercial industrial instruments : (0.4)
  - ↓ : Decrease in handling volumes at container terminals : (0.9)
  - ↑ : Shift to air transport due to a shortage of ocean containers and steep rise in airfares : +1.6
  - ↑ : Increase in distribution for consumer electronics manufacturers due to the consumption from staying at home : +1.0
  - ↑ : Increase in handling volumes in procurement logistics of various raw material due to production recovery at client companies : +0.7
  - ↑ : Decrease in various SG&A expenses : +1.2

- ② Trends of cargo movements +2.7
  - ↑ : Increase in air transport related to automobile : +1.3
  - ↑ : Increase in handling existing business of the solution logistics : +0.8
  - ↑ : Launch of handling new business of the solution logistics : +0.2
  - ↑ : Full-year contribution of the healthcare logistics newly launched for the previous fiscal year : +0.2
  - ↑ : Others : +0.2

- ③ Full-year contribution due to the measures of strengthening profitability implemented for the previous fiscal year +0.4
  - ↑ : Appropriate charge collection : +0.4

(Unit: Millions of JPY)

Segment	FY2020 (Apr.1, 2019~ Mar.31, 2020)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	Changes	Changes(%)
Logistics business	9,105	14,984	+5,879	+64.6%
Real estate business	5,865	5,833	(31)	(0.5%)
Eliminate/Corporate	(3,161)	(3,156)	+5	—
<b>Total of operating profit</b>	<b>11,808</b>	<b>17,661</b>	<b>+5,852</b>	<b>+49.6%</b>



## (4) Non-operating profit/loss • Extraordinary gains/losses (Compared to FY2020)

- Non-operating profit/loss improved by 0.8 billion yen from the previous fiscal year to -0.4 billion yen due to improvement of financial profit/loss, a reactionary drop in temporary commission fee in FY2020 and COVID-19 related subsidies received by overseas subsidiaries. Ordinary profit increased by 6.7 billion yen from the previous fiscal year to 17.2 billion yen due to the increase in operating profit.
- Profit attributed to owners of parent increased by 5.1 billion yen from the previous fiscal year to 11.5 billion yen due to gain on sales of stockholdings for the purpose of strengthening the governance although impairment loss incurred.

(Unit: Millions of JPY)

Consolidated total amount	FY2020 (Apr.1, 2019~ Mar.31, 2020)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	Changes	Reason for changes
Operating profit	11,808	<b>17,661</b>	+ 5,852	
Non-operating profit (loss)	(1,277)	<b>(420)</b>	+ 856	Improvement of financial profit/loss : +114 Reaction against temporary commission fee in FY2020 : +427 Subsidies received by overseas subsidiaries : +315
Financial profit/loss	(522)	<b>(407)</b>	+ 114	Decrease in interest payment due to the reduction of interest-bearing debt : +130
Ordinary profit	10,531	<b>17,240</b>	+ 6,709	Increase in operating profit : +5,852 Improvement of non-operating profit (loss) : +856
Extraordinary gains	807	<b>5,683</b>	+ 4,875	FY2020 Compensation received : 711 FY2021 Gain on sales of stockholdings : 5,487
Extraordinary losses	365	<b>3,883</b>	+ 3,517	FY2020 Loss on disposal of fixed assets : 129 FY2021 Impairment loss on goodwill : 2,409 Impairment loss on fixed assets : 998
Profit attributed to owners of parent	6,395	<b>11,549</b>	+ 5,153	Increase in ordinary profit increased and extraordinary gains



## (5) Cash flow and Balance sheet

- Despite the profit growth, cash flows from operating activities remained at a similar level to the previous fiscal year due to an increase in working capital accompanied by the increase in sales.
- Cash flow from investing activities resulted in total cash income of 0.8 billion yen due to gain on sales of stockholdings and subsidiaries' stock despite payment of a part of construction cost in the new warehouse specialized in healthcare named "Kanto P&M Center II (provisional name)", which is cited as a focus field.

(Unit: Millions of JPY)

Consolidated total amount	FY2020 (Apr.1, 2019~ Mar.31, 2020)	FY2021 (Apr.1, 2020~ Mar.31, 2021)	Changes	Changes(%)
Cash flows from operating activities	21,112	<b>21,257</b>	+ 144	+ 0.7%
Depreciation and amortization of goodwill	9,444	<b>9,836</b>	+ 392	+ 4.2%
Cash flows from investing activities	(5,487)	<b>803</b>	+ 6,291	—
Payment for PPE and obtain shares	(5,753)	<b>(8,120)</b>	(2,366)	—
Sales of stockholdings and subsidiaries' stock	—	<b>8,599</b>	+ 8,599	—
Cash flows from financing activities	(16,746)	<b>(21,683)</b>	(4,937)	—

Consolidated total amount	Balance as of Mar. 31, 2020	Balance as of Mar. 31, 2021	Changes	Changes(%)
Cash and cash equivalents	21,872	<b>23,225</b>	+ 1,352	+ 6.2%
Balance of interest-bearing debt	127,101	<b>107,879</b>	(19,221)	(15.1%)
Net-debt	105,228	<b>84,654</b>	(20,574)	(19.6%)
Shareholder's equity	49,705	<b>62,697</b>	+ 12,992	+ 26.1%
Total assets	239,309	<b>238,371</b>	(938)	(0.4%)
Shareholder's equity ratio	20.8%	<b>26.3%</b>	+ 5.5	—
Net D/E ratio	2.1	<b>1.4</b>	(0.8)	—



- Explanatory materials

- The financial report of the FY2021

- ▶ **The forecast of the FY2022**

- The progress of the Medium-term management plan 2017





# (1) Forecast overview of FY2022

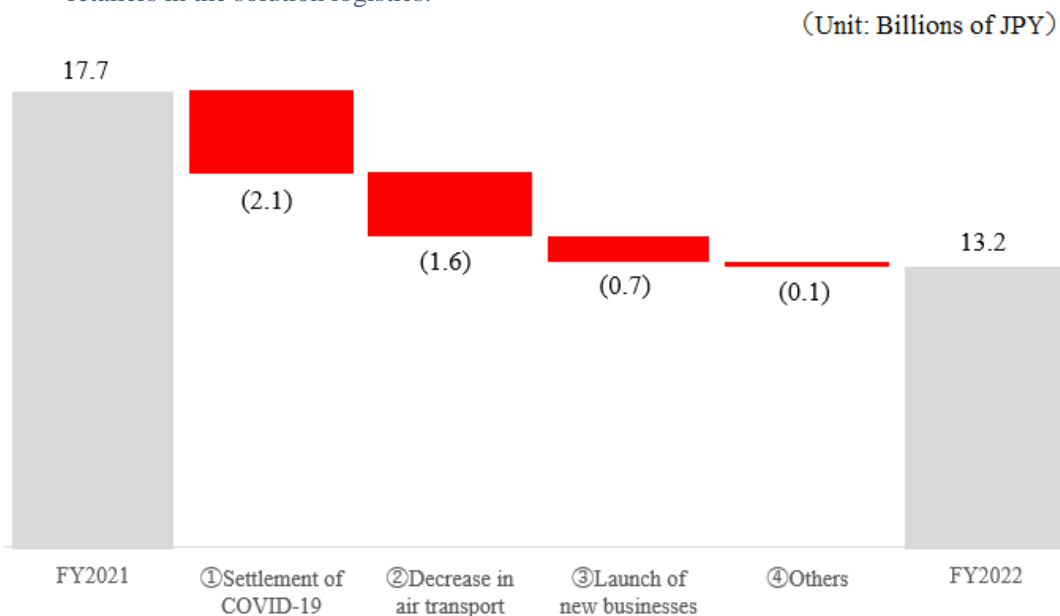
(Unit: Millions of JPY)

	Consolidated total amount	FY2021 (Apr. 1, 2020~ Mar. 31, 2021)	FY2022 (Apr. 1, 2021~ Mar. 31, 2022)	Changes	Changes(%)
	Sales	253,559	237,000	(16,559)	(6.5%)
P	Operating Profit	17,661	13,200	(4,461)	(25.3%)
L	Ordinary Profit	17,240	12,500	(4,740)	(27.5%)
	Profit attributed to owners of parent	11,549	7,600	(3,949)	(34.2%)
	Cash flows from operating activities	21,257	14,500	(6,757)	(31.8%)
C	Cash flows from investing activities	803	(10,500)	(11,303)	—
F	Cash flows from financing activities	(21,683)	(5,000)	+ 16,683	—
	Consolidated total amount	Balance as of Mar. 31, 2021	Balance as of Mar. 31, 2022	Changes	Changes(%)
	Shareholders' equity	62,697	68,800	+ 6,102	+ 9.7%
B	Total assets	238,371	239,000	+ 628	+ 0.3%
S	Shareholders' equity ratio	26.3%	28.8%	+ 2.5	—



## (2) Operating profit forecast of FY2022 (Compared to FY2021)

- We assume that the impact of COVID-19 will be gradually settled during the first half of FY2022, although there will be some disparity in the degree of recovery for each business, and that despite a recovery of handling volumes in forwarding business, some parts of handling volumes in air transport which has increased due to a shortage of ocean containers and steep rise in airfares and SG&A expenses which have widely decreased due to limitation to economic activities will return to more normal levels.
- Overall operating profit is expected to decrease by 4.5 billion yen from the previous fiscal year to 13.2 billion yen due to temporary initial costs related to new launch of both the new warehouse specialized in healthcare named “Kanto P&M Center II (provisional name)” and the new large-scale establishment for consumer electronics mass retailers in the solution logistics.



- ① Settlement of COVID-19 (2.1)
- ↑ : Recovery in handling volumes in ocean and air freight forwarding business : +0.4
  - ↑ : Recovery in handling volumes at container terminals : +0.1
  - ↓ : Decrease in handling volumes in air transport which had been increasing due to a shortage of ocean containers and Resolution of steep rise in airfares : (1.0)
  - ↓ : Decrease in handling volumes in consumer electronics manufacturers logistics resulting from the consumption from staying at home : (0.4)
  - ↓ : Decrease in handling volumes in procurement logistics resulting from production recovery at client companies : (0.7)
  - ↓ : Increase in SG&A expenses : (0.5)
- ② Decrease in air transport (1.6)
- ↓ : Decrease in air transport related to automobile : (1.6)
- ③ Launch of new businesses and initial costs (0.7)
- ↑ : Launch of handling new business of the healthcare logistics : +0.1
  - ↑ : Launch of handling new business of the solution logistics : +0.2
  - ↓ : Initial costs for new warehouse of the healthcare logistics : (0.2)
  - ↓ : Initial costs for new operations base of the solution logistics : (0.4)
  - ↓ : Increase in system costs for new clients, new operations base and costs to digitalize existing business : (0.4)
- ④ Others (0.1)
- ↑ : Decrease in goodwill amortization : +0.3
  - ↑ : Decrease in depreciation for fixed assets : +0.2
  - ↓ : Effect of excluding Prime Cargo Group from the scope of consolidation : (0.4)
  - ↓ : Others : (0.2)

(Unit: Millions of JPY)

Segment	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Logistics business	14,984	11,200	(3,784)	(25.3%)
Real estate business	5,833	5,700	(133)	(2.3%)
Eliminate/Corporate	(3,156)	(3,700)	(543)	+ 17.2%
<b>Total of sales</b>	<b>17,661</b>	<b>13,200</b>	<b>(4,461)</b>	<b>(25.3%)</b>



### (3) Non-operating profit/loss • Extraordinary gains/losses forecast for FY2022

- No extraordinary gains or losses are assumed.

(Unit: Millions of JPY)

Consolidated total amount	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Operating profit	17,661	<b>13,200</b>	(4,461)	(25.3%)
Non-operating profit (loss)	(420)	<b>(700)</b>	(279)	—
Financial profit/loss	(407)	<b>(550)</b>	(142)	—
Ordinary profit	17,240	<b>12,500</b>	(4,740)	(27.5%)
Extraordinary gains	5,683	—	(5,683)	—
Extraordinary losses	3,883	—	(3,883)	—
Profit attributed to owners of parent	11,549	<b>7,600</b>	(3,949)	(34.2%)



## (4) Cash flow and Balance sheet forecast

- Cash flows from operating activities is expected to decrease by 6.7 billion yen from the previous fiscal year to 14.5 billion yen due to increase in income taxes paid.
- Cash flow from investing activities is expected to amount to a net outflow of 10.5 billion yen, representing an increase in cash outflow of 11.3 billion from the previous fiscal year mainly due to payment for construction cost of the new warehouse specialized in healthcare named “Kanto P&M Center II (provisional name)” and gain on sales of stockholdings which incurred in the previous fiscal year.
- Free cash flow will be allocated for dividend payment and repayment of interest-bearing debt. The balance of interest-bearing debt and the shareholders' equity as of Mar. 31, 2022 are expected to be 104.5 billion yen and 68.8 billion yen, respectively.

(Unit: Millions of JPY)

Consolidated total amount	FY2021 (Apr.1, 2020~ Mar.31, 2021)	FY2022 (Apr.1, 2021~ Mar.31, 2022)	Changes	Changes(%)
Cash flows from operating activities	21,257	14,500	(6,757)	(31.8%)
Depreciation and amortization of goodwill	9,836	9,600	(236)	(2.4%)
Cash flows from investing activities	803	(10,500)	(11,303)	—
Cash flows from financing activities	(21,683)	(5,000)	+ 16,683	—
Consolidated total amount	Balance as of Mar. 31, 2021	Balance as of Mar. 31, 2022	Changes	Changes(%)
Cash and cash equivalents	23,225	22,000	(1,225)	(5.3%)
Balance of interest-bearing debt	107,879	104,500	(3,379)	(3.1%)
Net-debt	84,654	82,500	(2,154)	(2.5%)
Shareholder's equity	62,697	68,800	+ 6,102	+ 9.7%
Total assets	238,371	239,000	+ 628	+ 0.3%
Shareholder's equity ratio	26.3%	28.8%	+ 2.5	—
Net D/E ratio	1.4	1.2	(0.2)	—



- Explanatory materials

- The financial report of the FY2021

- The forecast of the FY2022

- ▶ The progress of the Medium-term management plan 2017



✓ The highest ever profit was reached as a result of making steady progress in action for sustainable growth.

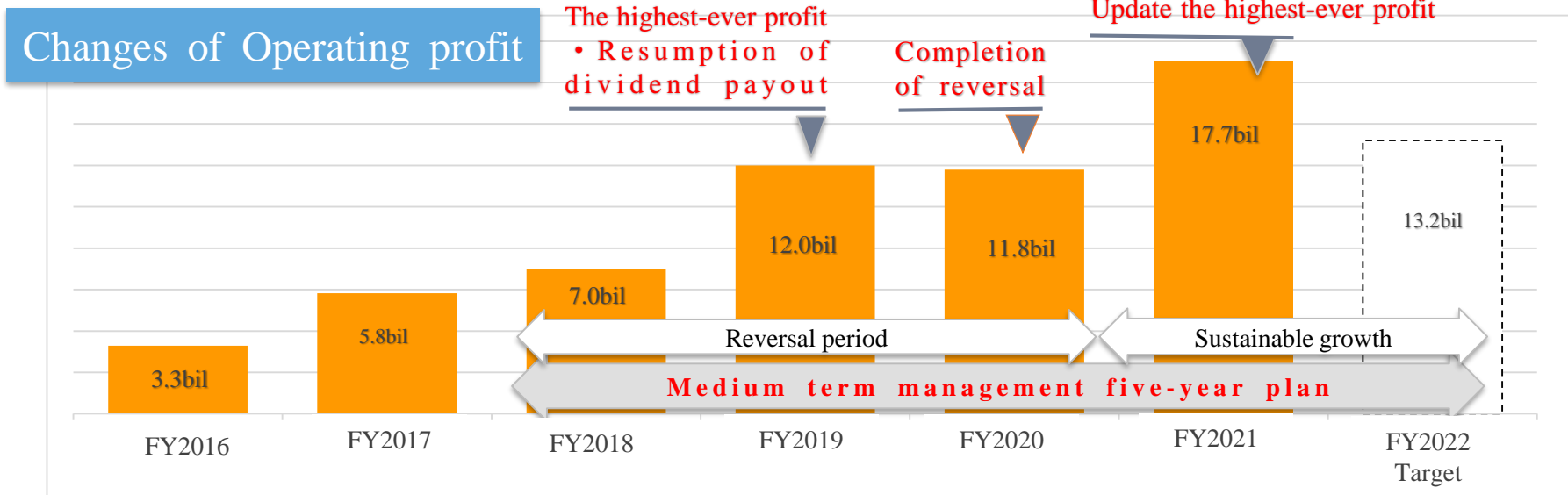
**“Medium-term Management Plan 2017” - from Reversal to Sustainable Growth -**

<Basic guidelines for business operations>

- Reinforcing the fundamental power for profitability
- Rebuilding of our financial base
- Developing the integrated solution services which are based on our clients' needs by strengthening group management

[Medium-term plan targets (at the end of FY2022)]

Operating profit	10.0 billion yen
Balance of interest-bearing debt	130.0 billion yen
Net D/E ratio	2.0x or less
ROE	Over 9.0%



(Unit: Billions of JPY)

	Reference FY2017	The 1st year FY2018	The 2nd year FY2019	The 3rd year FY2020	The 4th year FY2021	The final year FY2022
Balance of interest-bearing debt	168.8	157.6	142.5	127.1	107.9	104.5
Net D/E ratio	3.6x	3.0x	2.5x	2.1x	1.4x	1.2x
ROE	-	10.7%	11.4%	13.2%	20.5%	11.6%



# (1) The progress of the Medium-term management plan

✓ Review of the Medium-term management plan 2017 aiming to improve base profitability.



Reinforcing the fundamental power for profitability

**Cost-cutting measures “Challenge 20”**

Cost reduction for 3 years: 2.1 billion yen

**“Importance on Operating profit margin”**

Improvement of Gross profit due to thoroughgoing income and expenditure management in each project  
Operating profit margin: (FY2017) 2.6% → (FY2021) 7.0%

Reconstruction of financial base

**“Restraint of nonessential investment”**

Reduction of interest-bearing debt for 4 years: around 60.0bil yen

Workplace with full of challenge and vitality

**“Reforms in employee awareness and personnel systems”**

Reforms in personnel systems and Introduction of free address system in our offices

Construction of a customer-oriented integrated solution service due to reinforcing group management

**“Organizational reforms”**

Unification of contact points for domestic and international sales function to a customer contact team  
Integration and Transition of non-vessel ocean common carrier (NVOCC)

Reinforcement of our field capabilities

**“New establishment of group-wide functions”**

Strategic Sales Division was established and new transactions by taking “Gyogiwa” have been expanded.

**“Construction of overwhelming field capabilities”**

New establishment of Operation Management Division as a company-wide organization

**“ESG Management”**

Settings of Materiality, Issuing of Green Bonds and so on

ESG • SDG s



## (2) Returns to stockholders

- ✓ The year-end dividend for FY2021 will be 30 yen per share, an increase of 5 yen.
- Achieving the Medium-term plan targets, which resulted in raising earnings base, we have decided an increase in dividends.
- While considering the level of profitability and financial standing, we will continue the stable payment of a minimum annual dividend of 60 yen per share with the aim to sustain our stable distribution.

### Change of dividend amount

	Actual										Forecast		
	FY2017		FY2018		FY2019		FY2020		FY2021		FY2022(Forecast)		
	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end	Interim	Year-end	
Dividend per share (JPY)※	25.00	-	-	-	-	12.50	12.50	25.00	25.00	30.00	30.00	30.00	30.00

※ The numbers are reflected the reverse stock split on Oct.1st, 2018. (5 shares to 1 share)





- ✓ Action for sustainable growth

### **Business environment surrounding the Company**

- Labor shortage and rising costs due to the workforce reduction
- Entry from different industries into logistics field due to commoditization of logistics through labor-saving and automatic operation
- Growing needs for changes and reviews in the supply chain due to the COVID-19 shock
- Growing awareness toward sustainability

### **Three important measures during the period of sustainable growth**

#### **① Construction of “Overwhelming Field Capabilities”**

High quality services at a better price have been provided through the combination of Low-tech in which a person has a role and High-tech in which a machine has a role.

#### **② Construction of end-to-end “Integrated Solution Service”**

We have started to work on reviewing functions among businesses and reinforcing its network in order to accelerate service proposals throughout the Group.

#### **③ “ESG Management”**

We have conducted various measures and have expanded disclosure on Web and through VALUE REPORT with the materiality in mind.



- ✓ Service enhancement due to reinforcement of field capabilities and a viewpoint of manufactures

### ◆ The new president of MITSUI-SOKO Co., Ltd. since April, 2021

#### The Company will accelerate the construction of logistics services from the customer's perspective.

- Mr. Kubo, who used to work for Toyota Motor Corporation and had served for 6 years as the president of MITSUI-SOKO EXPRESS Co., Ltd, has been appointed to the president of MITSUI-SOKO Co., Ltd.
- Capitalizing on his knowledge of gaining through the manufacturer, the President will reinforce both kaizen (improvement) in fields and the construction of logistics services from the customer's perspective.
- Unification of the Group has been pursued as "One MITSUI-SOKO" with barriers among business companies eliminated.

- ✓ Further deepening of Solution Services

### ◆ Further integration with the field of SONY logistics planning since April, 2021

- We agreed with Sony Corporation to form a new business alliance in the field of logistics planning.
- Support functions pertaining to both logistics and international transportation planning for the Sony group has been transferred to our Group.
- Driving closer coordination of logistics planning function and its operation will contribute to SCM reinforcement of the Sony group.



## ✓ Action for ESG

### ◆ Newly establishment of ESG team in April, 2021 in order to reinforce ESG Management and Sustainability

#### <Mitsui-Soko Group's Materiality>

#### < Example of specific initiatives >

##### Materiality

##### Value Proposition and Contribution to SDGs

Create new value as a company that supports logistics, an indispensable form of social infrastructure

Achieve a sustainable society while improving both the value of client companies and people's Quality of Life

Provision of sustainable, resilient logistics services through co-creation

Realization of safe, diverse, and rewarding work environments

Contribution to a low-carbon, circular society by actively reducing environmental impact

**Economy** Improvements in the economic productivity of society and client companies



**Social** Improvements in the QOL for employees and their families



**Environment** Reduction in the environmental impacts of the value chains of society and client companies



Promoting the construction of

「Mitsui-Soko Green • Supply Chains • Program (provisional name)」



Enhancement of service menu aiming for SDGs achievement such as carbon neutral for our clients

- ✓ Visualization of CO2 emissions in logistics
- ✓ Logistics design considering not only costs but also CO2 emissions
- ✓ Resolution of human risks resulting from labor shortage and so on
- ✓ Construction of logistics that is resilient against natural disasters